

DEPOSITION
EXHIBIT

#28 7-13-92
H. R. Heller

MEMORANDUM

TO: Bob Heller
FROM: C. T. Russell
DATE: April 21, 1991
SUBJECT: Membership

At the conclusion of our Board meeting on the 19th, several Directors asked me to have a "White Paper" prepared to set forth the issues on all three alternatives as well as Management's concerns and recommendations on each. They added that while copies of the overheads used during Bennett's presentation are helpful, they would not reflect all of the thought behind the conclusions and recommendations made by Management.

I am inclined to agree. Furthermore, we have been asked to address how we could make Option #2 function successfully.

I suggest you ask Katz, Morgan, Peirce, Tallman and Power to get their heads together, and come up with some ideas on such a "White Paper", including the required monitoring and additional advertising (hence service fees or assessments) necessary to counter the potential loss of market share on Option #2. For example, if we simply raised service fees to MasterCard's level, we would probably raise enough additional money to match or exceed Amex's advertising expenditures!

Bennett has already mentioned to me that he plans to speak with some of the Directors to see what would be required to make Option #1 fly. I believe it's obvious that Option #3 (my favorite) is probably down the drain, failing any new, compelling arguments.

I do not believe this paper need be mailed prior to my return (May 1); however, if you feel it should go out earlier, I'd like to get my "oar in the water" by telephone before it goes.

CTR
[Signature]

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